

GOVERNOR'S BUDGET MAY 2026 REVISION SUMMARY



The 2026-2027 [May Revise](#), which was released on May 14th, boasts a significant change in circumstance from the [January Budget Proposal](#). The Administration announced that revenues were \$16.5 billion above projections, and proposed a state spending decrease of \$1.8 billion from the January 2026 proposal, resulting in a solved budget problem and a \$0 budget deficit for FY 26-27.

The Governor's office released its [budget summaries and a fact sheet](#), highlighting that the May Revision “continues the Governor's push to rein in ongoing spending commitments, reduce the out-year deficit, and put(s) the state on a stronger long-term fiscal footing without abandoning core services. His spending plan will slash the state's ongoing spending, making the state's deficit \$0 through July 2028.”

The Administration highlights increased investments, policy reforms and fiscal responsibility in several key areas, including (but not limited to) a disaster rebuilding fund, lowering affordable housing costs, and historic investments in special education.

The May Revise leaves NCWA's priority funding in the Natural Resource and Environmental Protection sectors largely untouched, maintaining the existing backfill proposals and funding allocations from the January 2026 Proposal. The revised budget also makes additional investments to several priority programs and agencies:

- An additional \$25M investment from General Fund for the implementation of the Healthy Rivers and Landscapes Program. This funding will deliver on environmental flows, habitat restoration, science, and monitoring to support the Bay Delta Plan update.
- The following increases in overall funding for agencies:
 - Wildlife Conservation Board: \$29,000
 - Department of Fish and Wildlife: \$23,577
 - Department of Water Resources: \$87,007
 - State Water Resources Control Board: \$26,127

As part of the standard budget process, we anticipate further trailer bills and Budget Change Proposals (BCPs) to be announced throughout the rest of the calendar year.

NCWA is excited to see that the overall outlook for FY 26-27 is positive, and that the Administration is committed to affordability across the board. NCWA looks forward to continuing our advocacy to the Legislature to protect our budget priorities and advance our shared vision for a vibrant and sustainable future in the Sacramento River Basin.